

Message Text

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TUNIS FOR MCCALLUM OF OPIC

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: AG INTERNATIONAL

REFS: (A) STATE 212833; (B)CAIRO 9006

1. OPIC AND AGRIBUSINESS COUNCIL HAVE APPROVED OPIC FINANCIAL PARTICIPATION IN FEASIBILITY STUDY BEING UNDERTAKEN BY AG INTERNATIONAL AND EGYPTIAN AUTHORITIES LEADING TO 50-50 JOINT VENTURE TO DEVELOP 15,000 ACRES GOE LANDS IN CITRUS. MARKET IS EGYPT, MIDDLE EAST AND EUROPE.

2. AG TEAM, LED BY PRESIDENT JOHN HOFF, DUE CAIRO NEXT FEW DAYS. EGYPTIAN CONTACTS ARE A. L. BADRAN, MINISTER OF AGRICULTURE (WHO SPECIFICALLY HAS ENCOURAGED DEVELOPMENT OF THIS PROJECT BY AG), K. R. STINO, DIRECTOR GENERAL OF ARAB LEAGUE
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FOR AGRICULTURAL DEVELOPMENT, HASSIM BAGHDADY, FORMER

PRESIDENT OF UNIVERSITY OF ALEXANDRIA, AND H. A. HALAL,
CHAIRMAN OF ORGANIZATION OF LAND CULTIVATION AND DEVELOP-
MENT (GOE).

3. STUDY EXPECTED TO MOVE QUICKLY, BUT WILL BE CONDUCTED IN
TWO STAGES. OPIC AND COUNCIL REPRESENTATIVES WILL MEET WITH
U.S. COMPANY EXECUTIVES AT END FIRST STAGE IN ORDER TO
ASSESS PROGRESS AND MAKE SUPPLEMENTARY DECISIONS AS NEEDED.

CONSEQUENTLY, EMBASSY COMMENTS AND GUIDANCE WILL BE
APPRECIATED BY U.S. STUDY SPONSORS (AG, COUNCIL AND OPIC).

4. REPRESENTATIVE CHASE INTERNATIONAL INVESTMENT CORPORA-
TION, WHICH IS CHASE BANK SUBSIDIARY AND PROSPECTIVE CO-
INVESTOR WITH AG, IS PART OF STUDY TEAM.

5. WHILE EXACT FORM OF BUSINESS ORGANIZATION FOR PROJECT
TO BE WORKED OUT, AG AND GOE DISCUSSIONS ANTICIPATE CREA-
TION JOINT VENTURE, 50 PERCENT OWNED BY U.S. PRIVATE SECTOR
INTERESTS (LED BY AG) AND 50 PERCENT OWNED BY GOE ORGANIZA-
TION OF LAND CULTIVATION AND DEVELOPMENT AND PRIVATE
EGYPTIAN CITIZENS OR ORGANIZATIONS. THIS COMPANY TO
DEVELOP AND MANAGE (THROUGH CONCESSION OR NET LEASE) LANDS
CURRENTLY OWNED BY GOE AGENCY. BECAUSE OF SUBSTANTIAL
CAPITAL INVESTMENTS NEEDED BY JOINT VENTURE PARTICIPANTS
AND BECAUSE OF LONG DEVELOPMENT TIME (ORCHARD WILL TAKE
FOUR TO SIX YEARS TO GET INTO PRODUCTION), CONCESSION OR
LEASE ARRANGEMENTS NECESSARILY WILL BE LONG TERM.

6. IN PRINCIPAL OPIC INTERESTED IN PROVIDING POLITICAL
RISK INSURANCE ON U.S. INVESTMENTS AND PARTICIPATING IN
CAPITALIZATION OF PROJECT THROUGH USUAL LOAN AND LOAN
GUARANTY AUTHORITIES. INGERSOLL

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